

**FILED** *SG*

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

APR 07 2015

THOMAS G. BRUTON  
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA )  
 )  
vs. )  
 )  
WILLIAM DADDONO )

No. **15CR 176**  
Violation: Title 26, United States  
Code, Sections 7201 and 7206  
**JUDGE COLEMAN**

COUNT ONE

**MAGISTRATE JUDGE FINNÉGAN**

The SPECIAL JANUARY 2014 GRAND JURY charges:

1. At all times material to this Indictment:
  - a. The Internal Revenue Service was part of the United States Department of the Treasury and, among other things, was responsible for administering the tax laws of the United States and collecting taxes from individuals and entities.
  - b. Individuals were required to file an annual United States Individual Income Tax Return, Form 1040, with schedules and attachments, if their gross income exceeded certain specified amounts, with the Internal Revenue Service, due by a date certain in the following year.
  - c. Defendant WILLIAM DADDONO was the president and sole owner of Real Property Valuation, a business located in Illinois, which was incorporated in the State of Illinois on November 30, 1998. The State of Illinois dissolved the corporation on April 1, 2006.

d. Defendant DADDONO maintained a bank account at Fifth Third Bank in the name of a dissolved corporation, namely Real Property Valuation.

e. In 2008, defendant DADDONO was the president and sole shareholder of Advanced Appraisal Group, an S Corporation. AAG was in the business of providing appraisals for real property.

f. An S Corporation, for federal income tax purposes, was a closely held corporation that made a valid election to be taxed under Subchapter S of Chapter 1 of the Internal Revenue Code. An S corporation did not pay federal income tax, but instead passed the income or loss to its shareholders, and the shareholders then reported the income on their own individual income tax return (Form 1040s). As the sole owner of AAG, all of the ordinary income or loss from AAG was required to be included in a Schedule E attached to defendant's United States Individual Income Tax Return and reported as income or loss on the return.

g. In the calendar year 2008, AAG had gross receipts exceeding \$1,000,000.

h. Defendant DADDONO diverted more than \$350,000 of AAG's gross receipts to his own use by directing employees of AAG to issue checks from AAG, payable to Real Property Valuation, or DADDONO personally, which DADDONO then deposited or caused to be deposited into an account at Fifth Third Bank, and then DADDONO used these funds for his own personal purposes.

i. By reason of defendant's gross income, he was required by law

following the close of calendar year 2008 and on or before April 15, 2009, to make a United States Individual Income Tax Return (Form 1040 with schedules and attachments) to the Internal Revenue Service, stating specifically the items of income and any deductions and credits to which he was entitled, and to pay the income tax due and owing thereon.

2. On or about January 1, 2008, and continuing through on or about October 18, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

WILLIAM DADDONO,

defendant herein, did willfully attempt to evade and defeat the payment of income tax due and owing by defendant, to the United States of America for the calendar year 2008, by committing the following affirmative act of evasion, among others:

a. Defendant maintained a bank account in the name of Real Property Valuation, despite the fact that Real Property Valuation was no longer an active entity, in order to conceal and avoid reporting his income to the Internal Revenue Service;

b. During calendar year 2008, defendant directed an employee of AAG to issue checks from AAG made payable to Real Property Valuation, and to reflect such checks as business expenses on the books of AAG;

c. Defendant deposited checks issued by AAG made payable to Real Property Valuation, in the bank account defendant maintained in the name of Real Property Valuation;

d. Defendant used the Real Property Valuation bank account to pay personal expenses and to withdraw cash for personal use;

e. Defendant filed and caused the filing of a 2008 false income tax return by AAG (Form 1120S), falsely reporting payments to Real Property Valuation as expenses; and

f. On or about October 18, 2009, defendant willfully filed a false United States Individual Income Tax Return (Form 1040 with schedules and attachments), failing to report substantial amounts of income received during calendar year 2008;

In violation of Title 26, United States Code, Section 7201.

COUNT TWO

The SPECIAL JANUARY 2014 GRAND JURY further charges:

1. The allegations of paragraph 1 of Count One are incorporated here.
2. On or about October 18, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

WILLIAM DADDONO,

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a United States Individual Income Tax Return (Form 1040 with schedules and attachments) for the calendar year 2008, which return was verified by a written declaration that it was made under penalties of perjury, and filed with the Internal Revenue Service, which return defendant did not believe to be true and correct as to every material matter, in that the return falsely stated on line 22 that the total income was \$9,871, when defendant knew and believed that the amount of total income substantially exceeded that amount;

In violation of Title 26, United States Code, Section 7206(1).

### COUNT THREE

The SPECIAL JANUARY 2014 GRAND JURY further charges:

1. The allegations of paragraph 1(a) through (f) of Count One are incorporated here.
2. At all times material to this Indictment:
  - a. Beginning in or about January 2009, defendant DADDONO was the president and sole shareholder of Advanced Appraisal Consultants, an S Corporation. AAC was in the business of providing appraisals for real property. For a time in 2009, defendant operated both AAG and AAC, and then operated all appraisal business through AAC.
  - b. As the sole owner of AAC, all of the ordinary income or loss from AAC was required to be included in a Schedule E attached to defendant's United States Individual Income Tax Return and reported as income or loss on the return.
  - c. In the calendar year 2009, AAG had gross receipts exceeding \$200,000.
  - d. In the calendar year 2009, AAC had gross receipts exceeding \$600,000.
  - e. Defendant DADDONO diverted more than \$280,000 of the combined 2009 gross receipts of AAG and AAC to his own use by directing employees of AAG and AAC to issue checks from AAG and AAC payable to Real Property Valuation, or DADDONO personally, which DADDONO then deposited or

caused to be deposited into an account at Fifth Third Bank, and then DADDONO used these funds for his own personal purposes.

i. By reason of defendant's gross income, he was required by law following the close of calendar year 2009 and on or before April 15, 2010, to make a United States Individual Income Tax Return (Form 1040 with schedules and attachments) to the Internal Revenue Service, stating specifically the items of income and any deductions and credits to which he was entitled, and to pay the income tax due and owing thereon.

3. On or about January 1, 2009, and continuing through on or about August 24, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

WILLIAM DADDONO,

defendant herein, did willfully attempt to evade and defeat the payment of income tax due and owing by defendant, to the United States of America for the calendar year 2009, by committing the following affirmative act of evasion, among others:

a. Defendant maintained a bank account in the name of Real Property Valuation, despite the fact that Real Property Valuation was no longer an active entity, in order to conceal and avoid reporting his income to the Internal Revenue Service;

b. During calendar year 2009, defendant directed an employee of AAG and AAC to issue checks from AAG and AAC made payable to Real Property

Valuation, and to reflect such checks as business expenses on the books of AAG and AAC;

c. Defendant deposited checks issued by AAG and AAC, made payable to Real Property Valuation, in the bank account defendant maintained in the name of Real Property Valuation;

d. Defendant used the Real Property Valuation bank account to pay personal expenses and to withdraw cash for personal use;

e. Defendant filed and caused the filing of a 2009 false income tax return by AAG (Form 1120S), falsely reporting payments to Real Property Valuation as expenses;

f. Defendant filed and caused the filing of a 2009 false income tax return by AAC (Form 1120S), falsely reporting payments to Real Property Valuation as expenses; and

g. On or about August 24, 2010, defendant willfully caused the filing of a United States Individual Income Tax Return individually (Form 1040 with schedules and attachments), failing to report substantial amounts of income received during calendar year 2009;

In violation of Title 26, United States Code, Section 7201.



COUNT FOUR

The SPECIAL JANUARY 2014 GRAND JURY further charges:

1. The allegations of paragraphs 1 and 2 of Count Three are incorporated here.
2. On or about August 24, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

WILLIAM DADDONO,

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a United States Individual Income Tax Return individually (Form 1040 with schedules and attachments) for the calendar year 2009, which return was verified by a written declaration that it was made under penalties of perjury, and filed with the Internal Revenue Service, which return defendant did not believe to be true and correct as to every material matter, in that the return falsely stated on line 22 that the total income was less than \$0, when defendant knew and believed that the amount of total income substantially exceeded that amount;

In violation of Title 26, United States Code, Section 7206(1).

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY